

## COUNTY EXECUTIVE'S 2006 BUDGET

DEPT: COUNTY SALES TAX REVENUE

UNIT NO. 1900-2903

FUND: General - 0001

### OPERATING AUTHORITY & PURPOSE

Pursuant to the provisions of Section 77.70 of the Wisconsin Statutes, counties may enact a 0.5 percent sales and use tax. The tax is typically imposed on the same goods and services as the

State's 5.0 percent sales tax. Section 22.04 of the Milwaukee County Ordinances addresses uses of sales tax revenue.

BUDGET SUMMARY			
	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>
County Sales Tax Collections	\$ 58,834,139	\$ 62,430,840	\$ 64,678,600

STATISTICAL SUPPORTING DATA	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>
Estimated County Sales Tax Collections, Excluding Retailer's Discount	\$ 62,228,889	\$ 64,583,092	\$ 66,594,000
State Administrative Fee	(1,089,006)	(1,130,182)	(1,165,400)
Milwaukee County Sales Tax Collections	\$ 61,139,883	\$ 63,452,910	\$ 65,428,600
County Sales Tax Allocated to Capital Improvements	(2,305,746)	(1,022,070)	(750,000)
Contribution to General Fund	\$ (23,773,738)	\$ (26,200,387)	\$ (17,417,856)
Net County Sales Tax Revenue Available for Debt Service Expenses	\$ 35,060,399	\$ 36,230,453	\$ 47,260,744

On April 1, 1991, Milwaukee County retailers began collecting a 0.5 percent county sales and use tax. Generally, items, which are currently subject to the State's 5.0 percent sales tax, are subject to the county sales and use tax in counties that have enacted the tax. Milwaukee County is currently one of 55 counties in the State of Wisconsin that relies on the sales tax to fund services formerly financed by local property taxes. The county sales and use tax is administered and collected by the Wisconsin Department of Revenue. The 2006 budget reflects the 1.75 percent state administrative fee.

Section 22.04, Milwaukee County Ordinances, previously required that sales tax revenue be used to pay tax-supported debt service costs. Surplus revenues not needed for debt service payments were required to be used to directly finance capital improvements.

On June 18, 2003, the County Board of Supervisors approved Resolution File No. 03-263(a)(a), which modified Section 22.04 of the General Ordinances so that surplus sales and use tax revenues can be used to pre-fund employee benefit costs or fund

anticipated or extraordinary annual increases in such costs or supplement the Appropriation for Contingencies. Sales tax revenues are allowed to be used for the above general fund purposes through calendar year 2007.

The gross budgeted amount for 2006 is \$65,428,600, which is 3.1 percent over the 2005 budget amount of \$63,452,910. The net budget amount for 2006, which excludes the allocation of \$750,000 to the Capital Improvement Program is \$64,678,600.

For the 2006 budget, projected sales tax collections exceed debt service costs by \$17,417,856. Therefore, \$47,260,744 in net sales tax revenues is earmarked for debt service costs and \$750,000 is dedicated to direct financing of 2006 capital improvements.

Based on the assumptions above, there would be an estimated uncommitted balance of \$17,417,856 budgeted for general county purposes.

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Pursuant to Resolution File No. 03-263(a)(a), which modified County Ordinances so that surplus sales and use tax revenues can be used to pre-fund employee benefit costs or fund anticipated or

extraordinary annual increases in such costs, these excess sales tax revenues are available to partially offset the following increased employee benefit costs:

	<u>2005 Budget</u>	<u>2006 Budget</u>	<u>Increase/ (Decrease)</u>
Pension Contribution	38,148,000	19,200,000	(18,948,000)
Employee/Retirement Medical Costs	124,163,648	125,166,827	1,003,179

Increased sales tax revenues have not been directly allocated within the above budgets but are presented here to show conformance with the sales tax ordinance change.